Supreme Court, U.S.
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No. 03-1719

IN THE

Supreme Court of the United States

MULTI-TECH SYSTEMS, INC.,

Petitioner,

v.

MICROSOFT CORPORATION AND NET2PHONE, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT MICROSOFT'S BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether a court construing the claims of a patent may consider statements made by the inventor to the Patent and Trademark Office during the prosecution of a continuing patent application where both the patent being construed and the continuing application originated in the same parent application, where both share a common specification, and where the inventor's statements characterized the scope of the invention as described in that common specification.

2. Whether the court of appeals properly applied routine principles of claim construction law to the patents-in-suit.

CORPORATE DISCLOSURE STATEMENT

Pursuant to Supreme Court Rule 29.6, Microsoft Corporation has no parent corporation. No publicly held company owns 10% or more of Microsoft Corporation's stock.

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RULE

Sup. Ct. R. 10 9

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RESPONDENT MICROSOFT'S BRIEF IN OPPOSITION

Microsoft Corporation respectfully submits this brief in opposition to the petition for a writ of certiorari filed by Multi-Tech Systems, Inc. The decision below involves the fact-specific application of time-honored principles of claim construction to the patents-in-suit. The decision presents no questions of law at all, much less any controversial questions of law demanding this Court's attention. Multi-Tech, frustrated by its failure to persuade either the district court or the court of appeals to accept its broad view of the scope of the claims of its patents, merely seeks an opportunity to present its arguments to a third court. The petition, which asks this Court to correct the perceived errors of the court of appeals in applying long-established legal principles to the facts, should be denied.

COUNTERSTATEMENT OF THE CASE

The patents in this case are directed to "personal computer-based systems and methods for simultaneously transmitting voice and/or computer data to a remote site over a single telephone line." Pet. App. 2a. All three patents at issue, the '649, '627, and '532 patents, originated in the same parent application and share a common specification.

The remote sites contemplated by the patents include various hardware devices such as a facsimile machine, a remote modem, or a standard telephone. The local hardware device from which the data are sent communicates with the remote sites over a "standard telephone line," which Petitioner conceded is an ordinary, circuit-switched line in the public switched telephone network. The internet, by contrast, which is never mentioned in the specification common to the patents or in the claims (despite being well established at the time the patent application was filed), is a packet-switched network.[1] Two of the remote sites mentioned in the specification—a standard telephone and a facsimile machine—can communicate *only* over standard telephone lines, and cannot communicate over the internet

Petitioner sued Net2Phone for infringement of its patents. Microsoft separately sued Petitioner for declaratory judgments of noninfringement and invalidity, and Petitioner asserted an infringement counterclaim against Microsoft. The two cases were handled on a coordinated basis by the district court.

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[1] A circuit-switched network "is one in which a connection is established from one user to the other such that the users have exclusive and full use of the circuit until the connection is released.... In contrast, a packet-switched network, such as the internet, is one in which data packets are relayed through various stations on a network." Pet. App. 8a n.2.

In the district court and court of appeals, it was undisputed that the accused products do not infringe *if* the patents require transmission of data exclusively over a standard telephone line. As a result, the only issue decided by the lower courts, and presented to this Court, is one of claim construction: do the claims of the patents-in-suit encompass transmission of data over a packet-switched network, such as the internet, or are the claims limited to transmission over a point-to-point standard telephone line? Pet. App. 12a.

The claim language at issue concerns the "sending," "transmitting," and "receiving" limitations in the '649, '627, and '532 patents. Petitioner argued that although those patents all require use of a standard telephone line, the claims should not be construed to require exclusive use of a standard telephone line, point-to-point, between the local and remote sites. Rather, a system that uses standard telephone lines on the ends to connect the local and remote sites to a packet-switched network in the middle would infringe, according to Petitioner. Pet. App. 11a. Both the district court and the Federal Circuit disagreed.

The Federal Circuit began its analysis with the claim language, and noted that the claim language of the '627 patent "explicitly states that the transmission of data ... between the local site and the remote site must occur 'over a telephone line.'" Pet. App. 14a. Although other patent claims were less clear on this point, Petitioner conceded both that all of the claims require use of a standard telephone line (whether expressly recited in the claims or not) and that this limitation should receive the same construction in each of the claims. What that construction should be was made clear by reviewing the specification common to all of the patents.

Specifically, the Federal Circuit noted that the specification "repeatedly and consistently" describes transmission over a standard telephone line. Pet. App. 14a-15a. It further noted that the descriptions in the specification common to all the patents are not limited to a particular preferred embodiment,

"but more broadly describe the overall inventions of all three patents." *Id.* at 15a. Having recognized that "[o]ne purpose for examining the specification is to determine if the patentee has limited the scope of the claims," *id.* at 13a (quoting *Watts v. XL Sys., Inc.*, 232 F.3d 877, 882 (Fed. Cir. 2000)), the Federal Circuit concluded that its review of the claim language in light of the specification led to the "inescapable conclusion" that the claims were limited to transmission over a standard telephone line. *Id.* at 16a.

The Federal Circuit found "confirm[ation]" for its construction of the claims in certain statements the patentee made during prosecution of the '627 patent. Specifically, during prosecution of that patent, the patentee had characterized the invention described in the common specification of all of the patents as "a communications system which operates over a standard telephone line ... and establishes a point-to-point connection between telephone equipment on each end of the line." Pet. App. 17a. Although the '627 patent was prosecuted after issuance of the '649 patent, the Federal Circuit found the statement *relevant* to a proper construction of the '649 patent, though not by itself determinative. *Id.* at 20a. After all, the patents had emanated from a common parent application, they shared a common specification that described the communications system disclosed in all three patents, and the patentee had conceded that the disputed terms have the same meaning in all of the patents, so the description of the invention that the patentee proferred with respect to one was certainly relevant when construing the claims of the others.

Judge Rader dissented. Judge Rader did not disagree with any proposition of claim construction law asserted by the panel majority. Rather, Judge Rader disagreed with the application of those principles to the facts, a disagreement that is echoed in the petition. Pet. App. 31a-38a.

Petitioner sought panel and *en banc* rehearing in the court of appeals, and both requests were denied. Pet. App. 117a-120a.

REASONS FOR DENYING THE PETITION

Of the petition's three questions presented, only one (the first) even purports to present an issue of law. And the legal question that Petitioner presses on this Court is not, in fact, presented by this case. The other two questions do not even purport to present issues of law. Instead, they straightforwardly ask this Court to apply ordinary principles of claim construction to the record. In the end, the petition is nothing more than an effort to persuade a *third* forum (the other two having been unconvinced) to adopt an insupportably broad construction of the claims of the patents-in-suit. There is no issue of law that warrants this Court's consideration, and therefore the petition should be denied.

1. The one legal issue that Petitioner asks this Court to review is not presented by this case for two reasons. First, the Federal Circuit definitively construed the claims without relying on the proposition of law that Petitioner asks this Court to review. As a result, the supposed legal analysis Petitioner criticizes, even had it actually been employed by the court of appeals, would not be essential to the result in this case and thus would not warrant this Court's review. Second, Petitioner mischaracterizes the Federal Circuit's analysis, in the end seeking review of a legal proposition that is nowhere to be found in the decision below.

According to the petition, the linchpin of the Federal Circuit's construction of the '649 patent was its reliance on the inventor's admission during the subsequent prosecution of the related '627 patent that the invention transmits data point-to-point across a telephone line. Pet. 16 (stating that decision below held "Multi-Tech bound by one statement in the '627 patent prosecution history"). That is false.

In fact, the Federal Circuit's decision rests entirely on standard analysis of the claim language and the specification common to all three patents-in-suit. Pet. App. 12a-17a. The Federal Circuit, in keeping with ordinary principles of claim construction, focused particular attention on the patent specification. *Vitronics Corp.* v. *Conceptronic, Inc.*, 90 F.3d 1576, 1582 (Fed. Cir. 1996) (stating that the specification "is the single best guide to the meaning of a disputed [claim] term"); *Watts* v. *XL Sys., Inc.*, 232 F.3d 877, 882 (Fed. Cir. 2000). As the court noted, the specification "repeatedly and consistently describes the local and remote systems of the claimed inventions as communicating directly over a telephone line." Pet. App. 14a-15a (citing references in common specification to "telephone" lines). The court further noted that in contrast to the specification's consistent references to "telephone" lines, the specification "[n]owhere ... even suggest[s] the use of a packet-switched network." *Id.* at 16a. On the basis of its reading of the claim language and the specification of all three patents, the court, even *before* considering the patentee's statements during prosecution of the '627 patent, reached the "inescapable conclusion" that the claims of all the patents require direct transmission over telephone lines. *Id.* at 16a-17a.

The "ruling" Petitioner asks this Court to review was, therefore, merely an additional ground offered in support of the construction the court had already applied to the claims. Pet. App. 17a (noting that the '627 patent prosecution history "confirms" the court's claim construction). As a result, this case is a particularly poor vehicle for this Court to consider the one legal question Petitioner purports to present: what weight, if any, to give to a patentee's statements made during the prosecution of a related patent. This Court would not even reach that question were it to accept review unless this Court first reviewed and rejected the Federal Circuit's claim construction that is based exclusively on the claim language and specification.

Further, even if this case were a proper vehicle to consider Petitioner's one legal question, there is no reason for this Court to spend its valuable resources considering that question. Petitioner badly mischaracterizes the Federal Circuit's reasoning in an effort to generate a conflict where none exists. Petitioner argues that the Federal Circuit has erroneously concluded that a court should narrow the scope of the claims of a patent "based on statements made after issuance." Pet. 14. Petitioner acknowledges, as it must, that the decision below does not *say* that statements made by the patentee after issuance are binding on the patentee; it says only that such statements are relevant. Pet. App. 20a. But, petitioner argues, the Federal Circuit's decision "effectively equated relevancy with a binding effect," thus creating a conflict with the Federal Circuit's prior holding in *Georgia-Pacific Corp.* v. *United States Gypsum Co.*, 195 F.3d 1322 (Fed. Cir. 1999) (per curiam), *opinion amended on reh'g by* 204 F.3d 1359 (Fed. Cir. 2000). Pet. 14.

There is no conflict. The Federal Circuit specifically considered and rejected the contention that its decision conflicted with *Georgia-Pacific*. As the court noted, in *Georgia-Pacific*,

> [w]e rejected the argument that the patentee was bound, or estopped, by a statement made in connection with a later application on which the examiner of the first application could not have relied. We did not suggest, however, that such a statement of the patentee as to the scope of the disclosed invention would be irrelevant. Any statement of the patentee in the prosecution of a related application as to the scope of the invention would be relevant to claim construction....

Pet. App. 20a. Petitioner fails to identify *any* statement in the decision below that treats the patentee's concession as "binding" or anything more than merely "relevant" and supportive of the court's claim construction.

Petitioner also attacks the court's comments as promoting "uncertainty" because courts and parties have little guidance regarding how or when subsequent statements will affect the construction of issued patents. Pet. 15. The decision below, however, carefully explained the limited use that can be made of such statements. First, consistent with *Georgia-Pacific*, a subsequent statement by a patentee regarding the scope of the invention is not *binding*, but may be no more than *relevant*. Pet. App. 20a. Second, for such a statement to be even relevant, it must have been made during prosecution of a related patent application. *Id.* at 20a-21a.

If there were any doubt regarding the limited nature of this principle of claim construction, such doubts were laid to rest by a recent Federal Circuit decision expressly placing the decision below squarely within a long line of Federal Circuit decisions:

> [T]his court's precedent takes a narrow view on when a related patent or its prosecution history is available to construe the claims of a patent at issue and draws a distinct line between patents that have a familial relationship and those that do not. *See, e.g., Tex. Digital Sys.* v. *Telegenix, Inc.*, 308 F.3d 1193, 1211 (Fed. Cir. 2002) (explaining that an unrelated patent "sheds no light" on the claims in the patent at issue); *Abbott Labs.* v. *Dey, L.P.*, 287 F.3d [1097, 1105 (Fed Cir. 2002)] (finding an insufficient relationship between patents to rely on statements from the prosecution history of one patent for prosecution history estoppel regarding the other where the "applications [had] no formal relationship and were presented to the patent office as patentably distinct inventions"); *Jonsson* v. *Stanley Works*, 903 F.2d 812, 818 (Fed. Cir. 1990) (using statements from one patent's prosecution history to construe the claims of another patent where the two patents shared a parent application). This dividing line was left undisturbed by our most recent decision on the

> issue, *Microsoft Corp.* v. *Multi-Tech Systems, Inc.*, which permitted reliance on statements made subsequent to the issuance of a patent when construing its claims where the statements were made in connection with continued prosecution of sibling applications. 357 F.3d 1340, 1350 (Fed. Cir. 2004).

Goldenberg v. *Cytogen, Inc.*, No. 03-1409, 2004 WL 1393816, at *8 (Fed. Cir. June 23, 2004). If the Federal Circuit had created any "uncertainty" with its decision in this case (and Microsoft fails to perceive any), the court has already clarified that its decision below should not be understood to reflect a change in longstanding principles of claim construction.

Petitioner's effort to create a conflict in the law or uncertainty surrounding an important issue of patent law thus fails. The Federal Circuit applied a longstanding principle of claim construction to "confirm" the construction it had already determined should apply to the claim terms at issue. Even the one "legal" question presented by the petition collapses, in the final analysis, into a complaint only about how common principles of law were applied in this particular case. That is no basis for granting the petition.

2. The remaining two questions do not even purport to present issues of law, much less the sort of controversial or important issues of law that merit this Court's review. Both questions state complaints about *how* the Federal Circuit applied ordinary principles of claim construction in this case. These questions ask this Court to do no more than apply those principles differently. Even if the Federal Circuit had incorrectly construed the claims in light of those principles (which it did not), this Court does not accept review merely to consider the alleged "misapplication of a properly stated rule of law." Sup. Ct. R. 10.

For example, Petitioner acknowledges that, whether this Court accepts review in this case or not, the law of claim

construction is and should remain "based on a unified and cohesive analysis of the claims, specification, and prosecution history as a whole and as viewed by one skilled in the art." Pet. 18. Likewise, Petitioner agrees that regardless of whether this Court accepts review, broad claim language should be narrowed based on statements made during prosecution only when those narrowing statements were "clear and unambiguous." *Id.* at 17 (citing *Omega Eng'g, Inc.* v. *Raytek Corp.*, 334 F.3d 1314, 1325 (Fed. Cir. 2003)). Petitioner believes that this Court should, along with the Federal Circuit, reject the contention that "if a patent describes only a single embodiment, the claims of the patent must be construed as being limited to that embodiment." *Liebel-Flarsheim Co.* v. *Medrad, Inc.*, 358 F.3d 898, 906 (Fed. Cir. 2004); Pet. 21-22. Finally, Petitioner believes that the rule requiring courts to interpret claim language and inventors' statements as would one skilled in the art should remain in place as well. Pet. 24. Every complaint Petitioner advances about the court's ruling is an alleged misapplication of these rules not warranting review.

Petitioner's complaints are also misguided. It is Petitioner, not the court below, which seeks to disrupt a "unified and cohesive" approach to claim construction. For Petitioner is the one arguing for a rule prohibiting a court from even *considering* an inventor's statement regarding the scope of his claims made during prosecution of a related patent that shares an identical specification with the patent being construed.

Petitioner invokes the rule of *Omega* requiring a "clear and unambiguous" disclaimer of broad claim language, but that rule is inapposite here. The court below based its construction not upon any such disclaimer, but rather upon the facts that the '627 patent claim "explicitly states that the transmission of data ... must occur 'over a telephone line,'" Pet. App. 14a, and that the specification common to all three patents "repeatedly and consistently describes" communication over a telephone line. *Id.* at 14a-15a. The

Federal Circuit, after reviewing the entire record, concluded that these descriptions did not merely describe a preferred embodiment, "but more broadly describe the overall inventions of all three patents." *Id.* at 15a. In so concluding, the Federal Circuit was following the path laid by its prior cases, *Abtox, Inc.* v. *Exitron Corp.*, 131 F.3d 1009, 1010 (Fed. Cir. 1997); *Kraft Foods, Inc.* v. *International Trading Co.*, 203 F.3d 1362, 1368 (Fed. Cir. 2000), and once again reaffirmed since the decision below in *Liebel-Flarsheim*, 358 F.3d at 908 (noting that where "the specification, claim or prosecution history made clear that the invention was limited to a particular structure," court should so limit the claims).

Finally, nothing in the ruling below evinces a lack of respect for the views of the hypothetical person of ordinary skill in the art. The Federal Circuit noted that the patents "[n]owhere ... suggest the use of a packet-switched network." Pet. App. 16a. Given that the patent application was filed when the internet was widely known, and in light of multiple indications that the claims were limited to circuit-switched networks (*id.* at 13a-19a), it is difficult to see why one skilled in the art would have inferred, in the face of the patents' silence, that the claims cover an internet connection.

In the end, this case involves nothing more than the application of longstanding rules of claim construction to the particular patents at issue. Petitioner is unhappy with the construction its patents have received from two courts, so it asks this Court to give its arguments a third hearing and adopt its preferred construction. That is not a basis for certiorari review.

CONCLUSION

The petition for writ of certiorari should be denied.

Respectfully submitted,

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